

Minutes of Meeting  
Durbin Crossing  
Community Development District

The regular meeting of the Board of Supervisors of the Durbin Crossing Community Development District was held Monday, December 19, 2016 at 6:00 p.m. at the Durbin South Amenity Center, 145 South Durbin Parkway, Jacksonville, Florida.

Present and constituting a quorum were:

Peter E. Pollicino	Chairman
Tim Brownlee	Vice Chairman
Sarah Gabel Hall	Supervisor
Jason Harrah	Supervisor
Debbie Driscoll	Supervisor

Also present were:

Dave deNagy	District Manager
Mike Eckert	District Counsel
Stephen Howell	Vesta/Amenity Services Group
Margaret Alfano	Vesta/Amenity Services Group
Daniel Laughlin	GMS
Bob Gang	Greenberg Traurig by telephone
Sete Zare	MBS Capital Markets by telephone
Charlie Sheppard	Community Advisors
Several Residents	

The following is a summary of the minutes and actions taken at the December 19, 2016 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

**FIRST ORDER OF BUSINESS**

**Pledge of Allegiance**

Mr. deNagy called the meeting to order and led the pledge of allegiance.

**SECOND ORDER OF BUSINESS**

**Roll Call**

Mr. deNagy called the roll.

**THIRD ORDER OF BUSINESS**

**Audience Comments**

Mr. Jurkow asked can you tell me what consideration of Dream Finders funding is?

Mr. deNagy stated as you will recall the district negotiated with Dream Finders \$250,000 to allow them to build a roadway into their parcel and it is discussion of those funds.

Mr. Jurkow asked can I talk about that if that is what you are going to discuss? I would like to point out that according to your capital reserve study at the end of the 2016 year you should have \$546,000 in your capital reserve. Your projection in August of where we would end 2016 was \$311,000 so that puts you at \$245,000 under your capital reserve. I realize that you are doing a new capital reserve study; however, you haven't done it yet. I would also like to point out that you have some big costs coming in the future by servicing both those pools, the industry norm is 8 – 10 years and you are talking about year 10. My point being that the Dream Finder money pretty much puts you right back where you are supposed to be with your capital reserve. I think that is what should be done with that money. If you want to do any other additions to the facility then you should be raising your CDD fees to do it or take out a bond.

**FOURTH ORDER OF BUSINESS**

**Organizational Matters**

**A. Oath of Office for Newly Elected Supervisors**

Mr. deNagy being a notary public of the State of Florida administered the oath of office to Ms. Hall and Ms. Driscoll.

**B. General Information for New Supervisors**

Mr. deNagy stated I talked with Debbie prior to the meeting about information regarding the district, the sunshine law, and so forth. Debbie if you have any questions feel free to contact me or district counsel.

As you are aware you are allowed compensation as a board member up to \$4,800 a year, \$200 per meeting and I am asking if you accept or waive compensation?

Ms. Driscoll and Ms. Hall both accepted compensation.

**C. Consideration of Resolution 2017-01 Election of Officers**

Mr. deNagy stated next is consideration of Resolution 2017-01 election of officers. You can keep the slate of officers the way they are or if you want to change the slate of officers I ask

that you add Debbie to the slate of officers. Currently Peter Pollicino is chair, Tim Brownlee is vice chair, Sarah assistant secretary, Jason Harrah assistant secretary, I am treasurer and secretary and Jim Perry and Jim Oliver in my office are assistant secretary and assistant treasurer for purposes of signing checks and so forth.

On MOTION by Mr. Harrah seconded by Mr. Brownlee with all in favor Resolution 2017-01 reflecting the same slate of officers and adding Ms. Driscoll as an assistant secretary was approved.

**D. Consideration of Resolution Recognizing Len Rucker's Service**

Mr. Pollicino stated serving on the CDD board as you know takes a lot of time and effort for a resident to step forward and serve on the board and take a lot of questions and comments. I want to thank Len Rucker for his service. Len was asked to fill a vacancy and he served the board extremely well. Thank you so much for your time.

**Update on Refunding**

Mr. Eckert stated we had a conference with trustee's counsel, the trustee and the consultant that worked on the sale of the GMAC property last week in relation to the crediting of \$1.2 million in bond interest. I was told that they were still looking into that issue but confirmed at least on the trustee's books there was not a credit of that \$1.2 million that we talked about. I'm still hopeful that somebody will come back and say we now understand it and this is how we will deal with it. I have advised them that the district is in the process of refinancing its bonds and also advised them that now when they say it is not on their books as a credit that there is a controversy with the district in relation to that. We will talk a little bit more about that in the preliminary limited offering memorandum. At this point I will probably be a witness in any type of pursuit of a claim that you may have there and in addition there is somebody else from my firm who does some work for the trustee on other matters so I would not be your attorney pursuing that. At this point in time I don't think I can pursue that any further on behalf of the district and the district would need to consult with independent counsel on that. If I get a call saying that we have now recognized it and understand then we will have to figure out where we go from there. At this point in time my only advice to you can be that you should seek the advice of another attorney to review the issue.

Ms. Hall asked do we have to go outside Hopping Green & Sams?

Mr. Eckert responded yes. Dave can bring back some names at your next board meeting if you want to go ahead and look into that but it is a significant amount of money and it significantly affects what you would get for a refinancing or what you would recover there. I have all the documents, the emails, the agreements, the trustee direction letter, which I will be glad to share with the board and you can get a better history of this. I'm still trying to understand the position that is being taken.

Mr. Pollicino asked does this rise to the level of outrageous behavior on their part? It just seems ridiculous to take this position. Maybe Mr. deNagy can direct a letter on behalf of the CDD basically placing the trustee on notice that because of their behavior it has put the CDD in a position where we may be in a position to miss an opportunity for a favorable outcome in terms of interest rates and refinancing and put them on notice that if we do miss opportunities to refinance in a favorable way we may find them liable for damages.

Mr. Harrah stated we have already agreed to move forward outside the \$1.2 million being resolved for the bond issue.

Mr. Pollicino stated I believe what you are going to hear is it is not going to be favorable without that being resolved. If you can draft that and hopefully if they get that letter worded in a way where we are placing them on notice they will turn around and be willing to listen and get the situation resolved.

Mr. deNagy stated okay.

Mr. Harrah asked we need to set some kind of a firm date with them and say you have until this time it is either on your books and it shouldn't be or it wasn't on your books and it should be.

Mr. Pollicino stated or if we don't hear from you whatever you think is reasonable then at that point we will have to pursue our legal options.

Mr. Harrah stated I would say by February 3<sup>rd</sup> and that will give them the whole month of January.

Mr. Eckert stated I will say to the board that we have been working on this issue for many months and we are dealing with some refinancing matters so understand that if we do a delegated award resolution you may be in a position to sell bonds before whatever date you are contemplating.

Mr. Harrah stated I'm just looking at it from a legal perspective with an outside attorney. I want to do the due diligence and give them a prime opportunity to review it one last time, I don't want to shove it down their throat and try to help build our case. Realistically what is the percentage that they will come back and say great we agree it is \$1.2 million, less than 20%?

Mr. Eckert responded no, I would say that there have to be records in addition to what I have that hopefully, they are reviewing. I would think they would still be reviewing records.

Mr. Harrah asked do you think they may come back with something?

Mr. Eckert stated they may. We tried to account for that in the documents that are before you.

Mr. Pollicino stated hopefully with Dave's letter it will make them look at it.

Mr. Brownlee asked what is their position?

Mr. Eckert stated the position that I have been told is when the GMAC property was sold that they wanted the district to waive the past due assessment interest and they stated now that their intention was not to waive a like amount on the bond interest.

Mr. Harrah stated but we didn't pass anything to waive that.

Mr. Eckert stated the district's position on that is Dave's office wrote an estoppel letter that I reviewed and signed off on and said assuming the bond interest is waived this is the amount of debt that is on the property and there is also correspondence indicating not just from my office but from other folks involved in this that it was the intention to waive the bond interest.

Mr. Harrah asked do we have anything in the records of the trustee coming in and discussing it during that timeframe from the board or anything?

Mr. Eckert stated not from the board but we have every piece of correspondence that I was either copied on or sent to me, which is what has formulated the reason I was asking the question, can you confirm on your books that there is still this \$1.2 million that was supposed to be waived.

Mr. deNagy stated as to the reply time our next meeting is January 23<sup>rd</sup> and I might suggest a week prior.

Mr. Pollicino stated okay.

**MBS Capital Markets**

Mr. deNagy stated you have a PowerPoint presentation and graph and Sete is on the phone.

Ms. Zare stated the most important thing for the refunding is the minimum threshold of savings the board would be comfortable moving forward with. There is a delegated award resolution that will state what your parameters are and I will continue to monitor the market and see where savings are and at that point when we reach a minimum threshold that the board is comfortable with the savings that we generate from refunding and it could be well over that as long as we trip that trigger point.

Ms. Zare reviewed the three scenarios each showing different thresholds, 6%, 8% and 10%.

Mr. Eckert stated a couple of things to keep in mind are the \$1.2 million you have been talking about if you are talking today it is probably a 3% swing, the other thing to keep in mind is you can only do this once every ten years. Everybody is projecting that generally interest rates will go up but it really is a business decision for the board.

Mr. deNagy stated as a point of reference I have another district that just went through a refunding and closed on a deal last week. They had originally set a 10% savings, we got into the post election market, those results were not achievable, the board then approved a 7% threshold in savings and ended up with 7.25% savings so it worked out.

Mr. Eckert stated we had one priced today and I think the board approved something higher, \$100 a year savings, the market turned and they approved \$67.50 savings and the deal came back a little over \$70 savings.

I think you need to be prepared if you pass this resolution at 6% she has the authority to come back with a deal at 6%.

Mr. Pollicino stated without the \$1.2 million.

Mr. Eckert stated that is the other thing we need to talk about too because right now the way the resolution is written is pretty much anyway you can get a deal done with the 6% savings so that if you get the \$1.2 million folded in there and it is 6% that's the deal. If there is a clarification on that we need to talk about that. Basically if there is a workout of the \$1.2 million issue what has been talked about is redeeming the existing bonds at less than the par value so 97¢ or 98¢ on the dollar and let's say you can get something like that worked out you are going to

have more savings. When you set the parameters in this delegation are you saying it is X% if you get the \$1.2 million credited in here and then another percent if you don't?

Mr. Brownlee stated we need a timeframe on that. It could take us four or five months to get that \$1.2 million resolved and I don't think we should wait.

Mr. Harrah stated I just don't see them coming by saying yes we found it on page 32 of the document from whatever year we are getting the \$1.2 million.

Mr. Pollicino asked do you think in 30 days we will know a lot more about the \$1.2 million? It's yes or no and if they say no we aren't going to do it, I just don't want to be in a situation where we sell ourselves short and lock into a 10 year bond. It is significant dollars, \$200,000 is great but if it can be \$350,00 a year for 10 years that is significant.

Mr. Brownlee asked if we do refund and include the \$1.2 million and that is resolved after we refund it what do we do with the \$1.2 million?

Mr. Eckert stated under the scenario where it is worked out then there is no \$1.2 million coming to the district it is a reduction in the amount of bonds you are repaying. If it is not worked out and for some reason the district comes into money as a result of that it will be up to the board to decide how to use that money.

Mr. Harrah asked Sete how do you feel about the 8% threshold?

Ms. Zare stated now it is probably around 6% savings with where the market is today. That is at your discretion and I want to reiterate that in all these deals that Mike and Dave mentioned they did come back and re-looked at the threshold but it did come in higher than the minimum price point for them. It gives us the right to execute 6% if we come in at 6% and if it comes in greater then we will get greater for you.

Mr. Harrah stated I say go with the 6%. We are also talking about we are not a fully built out community we haven't reached that threshold, which is also concerning when you are trying to sell bonds.

Ms. Zare stated I would go to S&P, which is a rating agency and when I originally reported to you instead of doing senior/subordinate structure where the senior are rated and we can actually price an investment grade scale, I got a BBB underlying for your senior portion so we can actually price an investment grade scale for your senior piece of the bonds leave the majority of the bonds subordinate.

Mr. Eckert stated the other thing to keep in mind is you can adopt a delegated award resolution today with the parameter and if the bonds haven't sold within those parameters you can revisit that in January.

Ms. Hall stated we have all kicked around that 6% is okay we should go ahead and say it is 6%.

Mr. Pollicino stated I don't think I do. I'm still in a situation where refinancing is nice and \$200,000 a year is nice but it is not a necessity at this point. If we could wait and maybe get the \$1.2 million resolved favorably we don't know where rates are going to go. Rates may stabilize after the president's issue gets resolved and it could come down and bounce back up again but I fear being locked in for 10 years. I know a bird in the hand is good and I know we are dealing with residents' money but you have to be responsible and not make decisions out of emotion and think what the best outcome is for the residents. I don't want to jump on a deal because that is what is in front of us right now. We will know a lot more in 30 days with the \$1.2 million and if it comes back less than 6%?

Mr. Harrah stated we can give her marching orders to proceed with 8% and revisit it in January and by then at the board meeting we will know where the \$1.2 million stands. If that looks like it could go to legal issues then we get the 6% and be done with it.

Mr. Pollicino stated if the 1.2 was a half point issue or 1% issue I would be in a different spot but 1.2 is a significant swing.

Mr. Harrah stated maybe I'm wrong but we have been dealing with this for how long and I don't think in the next 30 days they will magically come up and say yes we found it we got it, we are good. I think they will come back and say we disagree we are still looking give us some more time and kick the can down the road another three months and we lock into the 6% in January.

Mr. Brownlee stated we could say 7%, we don't have to say 6% or 8%.

Ms. Hall stated I would say take 6% and run I think it is only going to get worse down the road.

Mr. Pollicino stated you can have a motion and if I'm in the minority that is fine.

Mr. Eckert stated that is one of the blanks that need to be filled in the resolution. I want to clarify when we get to that, right now it is written if the \$1.2 million can get resolved and built

in there whatever percentage you put in there is what you are giving the authority to do unless we revise that document to somehow clarify that.

Mr. Harrah asked if we make a motion for 6% and she locks that in and gets whatever done before the \$1.2 million occurs then what happens.

Mr. Eckert stated then you would be retaining another attorney to try pursue the claim. You would have to prove you are entitled.

Mr. Harrah asked if we are able to resolve that before she gets us 6% savings locked in the 6% goes up and everything is great.

Mr. Eckert stated that is not the way it is written. That is what I'm trying to point out. Right now it is 6% period so if someone were able to negotiate with the bondholders to take 97¢ on the dollar and that made the deal saving you 6% then she will pull the trigger.

Mr. Harrah stated basically we would tell her to delay until the date in the letter to see what they come back with and we are giving them until the 16<sup>th</sup> to respond and at the meeting on the 23<sup>rd</sup> we would have their letter saying give us three more months or no we don't see it. At that point do we wait until that meeting to say, great it is resolved and go with the 6% or 7% whatever it is or do we make a decision now?

Mr. Eckert stated you would make a decision now because you are not going to be able to market the bonds until she knows what the parameters are.

Mr. Gang stated if you are concerned that the benefit of the \$1.2 million would just diminish the market, the true 6% reduction, in other words it is really subsidizing that and therefore its really much less than 6% on its own you could make that parameter say, 6% without regard to any benefit from the settlement of that disputed amount.

Mr. Eckert stated that is exactly what I was saying, we have to revise the parameter slightly if you wanted to do that. The other alternative is you could pick a little bit higher interest rate and revisit at the meeting after you have sent the letter.

Mr. Harrah stated we could pick any percent now savings and see what the letter says and if we don't feel comfortable with that whatever the response is we can say go to 6%, we are done.

Mr. Gang stated you have a third alternative and that is tell Sete don't commit unless you have 6%, the parameter could still be a very simple one and you can say don't count the \$1.2

million don't go to market unless you have got 6% based on the market alone. That way you are not as hamstrung you have the flexibility in your mind.

Mr. Harrah stated I don't want to come back to a spreadsheet like this in January that says we are at 3%, 4% or 5%.

Mr. Brownlee stated maybe we just sit with what we have.

Mr. deNagy asked do you want Bob to go through the delegated award resolution? We will be taking a motion to approve that with parameters we are talking about.

Mr. Eckert stated Bob just so you know I distributed to the board the redline version that you sent me with a couple changes that we have to the parameters.

**FIFTH ORDER OF BUSINESS**

**Consideration of Delegated Award Resolution 2017-03**

- A. Supplemental Trust Indenture**
- B. Bond Purchase Agreement**
- C. Preliminary Official Statement**
- D. Escrow Deposit Agreement**
- E. Continuing Disclosure Certificate**

Mr. Gang stated this resolution is an authorization to refund and it contemplates the structure that Sete was talking about before where you have a senior 2017 A-1 bonds that would be rated BBB by S & P and it corresponds to the ratio of developed properties in the district versus undeveloped properties. Then the smaller piece would be the 2017 A-2 bonds, which is considered subordinate in the cash flow, in the flow of the assessment revenues to pay the debt service. The fact that you have 89% that is developed the debt service on the senior bonds gets paid first and the rest of it pays the junior bonds that is why S&P is willing to give an investment grade rating like BBB to the senior piece and then the junior piece would be unrated just as many CDD bonds are.

This resolution authorizes you to go forward delegate to the chairman and district manager, etc. to move forward with a refunding. It has a maximum principal amount of \$44 million that is not meant to be anything more than a comfortable outside number outstanding principal balance of the 2005 A-1 Bonds is \$40,795,000. The preambles go through the history of the 2005 A Bonds, which is a long one and we have as exhibits to your resolution draft forms of a ninth supplemental trust indenture, a form of bond purchase agreement to MBS Capital

Markets, with the terms of the actual pricing when that occurs. A very important document is your offering document, your disclosure document, preliminary official statement MBS would use in connection with marketing of the bonds. In the case of the preliminary official statement the SEC requires that as a precondition to MBS using it to market bonds it has to be in a form that is deemed substantially final except for the numbers by a district official. That is very important they are not allowed to market bonds unless they have a deemed final preliminary official statement. This draft form is as final as can be at this point in time and it will be deemed final when it is actually posted on the internet for marketing. The additional documents are an escrow deposit agreement where the proceeds of these bonds would be placed in escrow and a notice to the existing bondholders given and then after 30 days they can be redeemed. The escrow agreement is merely to hold the bond proceeds until they can be used to redeem. Then there is a continuing disclosure, which is another SEC requirement that periodic information on the district and annual financials be provided on an internet site that the municipal securities rulemaking board maintains and they call it EMMA, just electronic municipal market access, and it gets posted on there periodically for the investment community to keep up with and monitor how you are doing. These are all required by the SEC or the MSRB and these are the necessary documents to move into a public offering.

Mr. Eckert stated I think they wanted to talk a little bit about a couple of the documents and they have them in front of them in terms of the redline. Do you mind if we shift over to that?

Mr. Gang stated sure.

Mr. Eckert stated I think they understand the resolution pretty well. They have had it and everyone has reviewed it. We need to talk about the parameters again but one of the documents you have in front of you is the preliminary offering statement and a redline version of that. I want to highlight the substantive changes. There are a lot of little tweaks and things like that, that happened between the time it was in the agenda package and when you got it today. On page 4 of that document initially you put in here a restriction on the district selling any bonds in the future without getting the consent of the subordinate bondholder. We worked with the underwriter in eliminating that so that you wouldn't have that restriction. You may find that you want to do a \$3 million amenity at some point and you want to sell bonds for that. I don't think you want to go back to the other bondholder to get consent because as we recently found out that

when we go back for consent there is usually an ask on the other side. I don't want to have that restriction for you to have to deal with. Also on page 5 it recites the deferred costs that are still owed to the developer it is about \$15,000 plus \$76,000 and we have been dealing with that for years but we wanted to make sure that we are disclosing that some of the existing funds would be used to satisfy that liability. On page 30 we also disclosed that it is our understanding that a fair amount if not all the commercial property left in the district was sold from the original developer and we wanted to make sure that we disclosed that so people were not relying on that developer to own that property. On page 33 it talks about collections, I didn't think that was entirely correct because of the GMAC parcel we had to work through I wanted to make sure that we didn't make an inadvertent misstatement in terms of your collection history because of the GMAC property. On page 43 at the very bottom we inserted some language with the understanding that there is what looks like now a controversy with the trustee and dealing with that and making sure that was disclosed so that the potential bondholders knew there was still an issue the district and the trustee were trying to figure out.

Those are the material changes to the PLOM before you and there were minor changes on the other documents but they are in pretty good shape.

Mr. Harrah stated on the resolution we are filling in pages 5 and 6.

Mr. Eckert stated that is correct, the other amounts although it looks like they are crossed out they are not crossed out it is \$44 million you just need to decide the minimum amount of savings that is acceptable to you and whether or not that includes a resolution of the \$1.2 million. I think Bob was suggesting language of "without respect to" would satisfy that.

Mr. Harrah stated the motion would be the minimum annual debt service reduction generated by the refunding transaction shall not be less than 6% without respect to the \$1.2 million disputed amount.

Mr. Gang stated I'm not sure the right language to insert for that \$1.2 million.

Mr. Eckert stated I think what it will be is it is almost exactly what he said it will say, not less than 6% without respect to the resolution of the \$1.2 million issue with the trustee. Bob and I will make sure that reflects what your motion is but your motion will be to approve Resolution 2017-03 with that change to the parameter.

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor Resolution 2017-03 was approved with the change to the parameter as outlined above.

Mr. Gang and Ms. Zare left the telephone conference at this time.

**SIXTH ORDER OF BUSINESS**

**Consideration of Board Direction to have  
GMS, LLC Prepare a Draft Methodology  
Report for the Series 2017 Refunding Bonds**

Mr. deNagy stated item six is consideration of board direction to have GMS prepare a draft methodology report. The draft methodology was actually prepared, we serve as your financial advisor, which is included in our agreement and I handed out a copy of the draft methodology and that will be attached to the offering memorandum that we talked about. I don't really need a motion on that.

**SEVENTH ORDER OF BUSINESS**

**Approval of Consent Agenda**

- A. **Approval of Minutes of the November 14, 2016 Meeting**
- B. **Balance Sheet and Statement of Revenues & Expenses**
- C. **Assessment Receipt Schedule**
- D. **Impact Fee Summary Report**
- E. **Check Register**

On MOTION by Mr. Pollicino seconded by Mr. Brownlee with all in favor the consent agenda items were approved.

**EIGHTH ORDER OF BUSINESS**

**Consideration of Utilization of Dream  
Finders Funding**

Mr. deNagy stated we talked about this at the beginning of the meeting and this is utilization of the Dream Finders funding, \$250,000. We do have \$15,000 earmarked in the agreement to pay down the debt assessments of two property owners so we are left with a net of \$235,000. As Mr. Jurkow pointed out we do have a capital reserve study that is short funded and we have some expenditures coming up we are going to talk about later in the meeting. I will open it up for discussion with the board how they want to utilize the balance of those funds.

Mr. Brownlee stated before we start we need to get an update of the reserve study so we need to know how much we have to have for future spending. It was pointed out that our capital reserve is behind and it is behind because the developers didn't fund it not because we didn't fund it. There are some pending issues that need to get resolved and one is what do the residents want. We should go out and find out what kinds of things would you like the board to consider, not to do but to consider. Some of the things that we have to resolve are pond issues. The three proposals we have are \$12,000 to \$14,000 higher than we have allocated in the budget. We need to come up with money to cover that. We shouldn't have to raise the assessments to the residents to cover expenses like that. Another thing that comes up year after year is shade for the playground areas.

Ms. Hall stated we have shade for the playground now we need new playgrounds.

Mr. Pollicino stated I think we place the net Dream Finders money as a placeholder right now while we build the capital reserve and it will sit there and I think Margaret has a presentation and as far as the residents we will get that out and see what comes back. The question now is the Dream Finders money, the money can go to capital reserve and sit there until we get the updated reserve study and at that point we will see what the board has to say or hear what Margaret has to say about the cost of the shade structure and the playgrounds.

Mr. Brownlee asked with the 6% savings we just talked about does the board have the discretion to keep that \$200,000 savings the first year and put it in reserves or does that go to residents?

Mr. Eckert stated you would notify the residents that in the first year what you are going to do is raise your O&M by a like amount and collect it in your O&M and put it in the capital reserve or whatever your project was but you would keep your debt service the same so you would still have the savings on your debt service but if you wanted to capture the same money you would have to send a notice to the residents saying for this one year we are going to do a special assessment and here is what we are going to use the money for.

Mr. Brownlee stated until we get the reserve study we really don't know what we need.

Mr. Pollicino moved to move the Dream Finders money to the capital reserve pending further evaluation by the board.

A resident asked where is it right now?

Mr. deNagy stated it is sitting in the general fund and you would see it on the balance sheet if we move it into the capital reserve.

Ms. Hall stated whatever we use that money for will be capital purchases anyway.

Ms. Hall seconded the motion.

Mr. Pollicino stated if we need to move it back we can.

Mr. Harrah stated I think it is hard to pull back out once it is in but I think trying to explain to residents if it is in the capital reserve then you are back to stability of having your capital reserve exactly where it is and you want to pull out \$100,000 for the playground I think you have to go by those residents.

Ms. Hall stated I want to clarify the purpose of capital reserves. Isn't the capital reserve for capital projects and capital replacement?

Mr. deNagy stated yes it is for capital items throughout the district, major components of the district.

Mr. Harrah stated it operates and maintains the current facilities.

Mr. Brownlee stated you can use it to spend on maintenance.

Ms. Hall stated no it has to items that you depreciate so anything over \$500 that depreciates. That amount of money we wouldn't use it for O&M.

Mr. deNagy stated you may decide after the capital reserve study that you want to earmark some of this money for your O&M this year.

Mr. Lopez stated there were a couple of disturbing comments I want to bring as a homeowner. I heard a comment about raising every year to balance things out. I think there should be checks and balances in these kinds of conversations. If you put money in the capital fund I think you should let everybody decide where the funds in the community are going to be spent every year as opposed to keep raising it. You mentioned that earlier and maybe you misspoke or I misunderstood but I think if you had a conversation of saving 6% on the bonds now you are talking about money that came from Dream Finders now you are talking about capital projects and now we are going to get to ponds. The ponds are the worst thing in this entire neighborhood and they are not going to get solved with just spraying blue stuff to kill stuff in the ponds. I have the worst pond in the entire neighborhood. I have taken pictures of it and

all the way through December I still have algae on it, it has never left. I paid for a premium lot so I paid over \$3,000 we want to have some say in some of this money and the thing I would like you to think about opening that up to the community if you are going to have savings and say opposed to who wants a playground how about some stuff like that. I think it is a deep conversation the reason I wanted to speak tonight. Do you realize that JEA treats all that water that runs in to the pond creates a lot of these problems? I called the Public Service Commission to complain about that, St. Johns County is being taxed with JEA with no representation we can't change the rates, we can't stop them from treating any of the water, we have to put those meters in. As an example we may want to put a well in this neighborhood and water all the common areas with it and save some money that is a great project for capital funds. That is why I'm encouraging you to talk to the homeowners. You made a comment about it being built into the CDD fee that everybody pays every year. I don't know that everybody is going to live in this neighborhood for 25 years. In fact the average homeowner probably owns a house less than 10 years. I want to see the money applied to projects that go today, I think Mr. Jurkow's comment earlier about why are going to talk about putting a road in if we are underfunded and have capital projects of redoing the pool. I don't use the pool I put my own pool in and we shouldn't think about where we are going to spend the money now because 10 years from now when you refinance the bonds I may not be in this neighborhood but I don't want to pay for every special assessment going all the way down so somebody else can spend it 10 years later if we didn't refinance the bonds first. My pond reeks and I can't even use my backyard.

On MOTION by Mr. Pollicino seconded by Ms. Hall with four in favor and Mr. Brownlee voting no the Dream Finders money in the approximate amount of \$235,000 was moved to capital reserve pending further evaluation by the board.

#### **NINTH ORDER OF BUSINESS**

#### **Consideration of Updating Capital Reserve Study**

Mr. deNagy stated I did reach out to the company that did the original reserve study and for some reason they did not get back with me. I also reached out to Charlie Sheppard who is with us tonight from Community Advisors. Community Advisors has done a number of CDDs and there is a proposal in your agenda package with some information about his firm. We do

have money budgeted this year for a reserve study and we talked about updating it, which is a good idea and it is probably good to have that reserve study updated every three to five years.

Mr. Sheppard gave an overview of the proposal to update the capital reserve study and also reviewed the components involved in a new study.

On MOTION by Mr. Harrah seconded by Mr. Brownlee with all in favor the proposal from Community Advisors to prepare a new capital reserve study in the amount of \$2,200 was approved.

**TENTH ORDER OF BUSINESS**

**Staff Reports**

**A. District Counsel**

Mr. Eckert stated in relation to the Dream Finders contract there was a requirement, a post-closing obligation to reimburse the district for up to \$5,000 in additional tree planting in the common area between the backside of the existing homes and the new road that is going in. I reached out to Dave and Steve and they understand that issue and they will be working with Dream Finders. That was the one post-closing issue that we wanted to make sure we didn't forget about or let fall through the cracks.

**B. District Engineer**

There being none, the next item followed.

**C. District Manager**

Mr. deNagy stated I wanted to go back to the resolution for Len Rucker.

On MOTION by Ms. Hall seconded by Mr. Harrah with all in favor Resolution 2017-01 was approved.

**D. General Manager - Report**

Ms. Alfano reviewed her report, copy of which was included in the agenda package and presented a proposal for decorative concrete borders to retain the mulch to keep it off the walkways.

Mr. Brownlee moved to approve the proposal to put curbing along the front of the amenity center in an amount not to exceed \$1,300 and there being no second the motion died for lack of a second.

**E. Operations Manager**

**1. Report**

**2. Waterway Maintenance – Pond Map**

- a. Aquatic Systems, Inc. Proposal**
- b. Lake & Wetland Management Proposal**
- c. Estate Management Service, Inc. Proposal**

Mr. Howell gave an overview of the field operation manager's report, copy of which is attached hereto and made a part hereof then gave an overview of the proposals received for aquatic maintenance contract.

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor the chairman was authorized to execute a three year agreement with a 30 day termination provision prepared by district counsel with Aquatic Systems, Inc. in the annual amount of \$49,200.00 and for the first year only treatment of the five worst ponds for additional prevention cost of \$6,921/\$800 per acre.

Mr. Rucker stated I don't see on the upcoming tasks that anyone is looking at the issue that was deferred about the six areas where palm trees were removed and whether you are going to replace them or not. It needs to get on someone's schedule.

Ms. Hall stated it would be helpful to see pictures of the areas.

Mr. Brownlee asked when will Aquatic Systems be in here?

Mr. Howell stated they will be here January 1 testing and once they determine what they need to do they will put that together and get to work.

Mr. Pollicino stated last time we talked about the survey and the pool and the prices for projects we were looking at. Is that still ongoing?

Ms. Alfano stated we are scheduled to bring it to you at the January meeting, post it then review the survey results at the February meeting in time for March budget preparation is the timeline I was going on.

Mr. Lopez asked how was that survey delivered?

Ms. Alfano stated it hasn't been delivered.

Mr. Pollicino stated we have been working on drafting a survey to address pretty much what you said earlier about what the residents would like to see improved in the neighborhood and there are a couple projects we priced out and the residents will make a decision on what they want to do. I encourage you and all the residents to vote. The last survey we did was not very successful it as less than a 20% response rate.

Mr. Harrah stated before we send it out in January let's put up some signs in the fitness center and the board out front saying sign up for the newsletter.

**ELEVENTH ORDER OF BUSINESS      Other Business**

There being none, the next item followed.

**TWELFTH ORDER OF BUSINESS      Supervisor's Requests and Audience Comments**

Ms. Hall stated I want to thank Margaret because it looks beautiful here the place looks great.

Mr. Jurkow stated I would like to talk about the survey, when the last one was done if you remember it had how much it would cost for every \$10,000 spent it would cost \$5 or \$6 whatever it was. I think that should be in this next survey too.

**THIRTEENTH ORDER OF BUSINESS      Next Scheduled Meeting – January 23, 2017  
@ 6:00 p.m. at the Durbin South Amenity Center**

Mr. deNagy stated the next scheduled meeting is January 23, 2017 at 6:00 p.m. here at the South Amenity Center.

On MOTION by Ms. Driscoll seconded by Mr. Brownlee with all in favor the meeting adjourned at 8:00 p.m.

December 19, 2016

Durbin Crossing CDD

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman